

LAFCO of Napa County

Local Agency Formation Commission

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AGENDA ITEM NO. 8a

October 9, 2003

TO: Local Agency Formation Commission

FROM: Keene Simonds, Analyst

SUBJECT: *Comprehensive Water Service Study*: Service Review Determinations
City of American Canyon
City of Calistoga
Town of Yountville
Napa Sanitation District

At its August 14, 2003 meeting, staff presented the Commission with draft determinations for the Cities of American Canyon, Calistoga, Town of Yountville, and the Napa Sanitation District as part of the *Comprehensive Water Service Study*. The draft determinations were accompanied by updated study sections for each affected agency and were presented to the Commission for a first-reading. Following this meeting, draft determinations and updated study sections were circulated for comment to each affected agency in anticipation of presenting final determinations at the Commission's October 9, 2003 meeting. In all, staff has received written comments from the Cities of American Canyon and Calistoga (copies attached).

Revisions to the draft determinations are identified below, and draft resolutions for each affected agency are offered for the Commission's consideration and approval. These draft resolutions making determinations with respect to each agency's water service operations would fulfill LAFCO's mandate under California Government Code §56430.

City of Calistoga

Revision No. 1:

In the report received by the Commission in August, Determination No. 6 under the Infrastructure Needs or Deficiencies section reads:

Harry Martin, Chair
Councilmember, City of Napa

Mike Rippey Vice-Chair
Supervisor, 5th District

Guy Kay, Commissioner
Representative of the General Public

Ken Slavens, Commissioner
Mayor, City of St. Helena

Brad Wagenknecht, Commissioner
Supervisor, 1st District

Volker Eisele, Alt. Commissioner
Representative of the General Public

Lori Luporini, Alt. Commissioner
Vice-Mayor, City of American Canyon

Bill Dodd, Alt. Commissioner
Supervisor, 4th District

Daniel Schwarz
Executive Officer

The City of Calistoga requires improvements to its water treatment plant to independently meet maximum day water demands within its service area.

In order to highlight the City of Calistoga's decision to rely on imported potable water supplies with respect to meeting peak service demands, this determination has been revised to read:

The City of Calistoga requires improvements to its water treatment plant to independently meet maximum day water demands within its service area. In absence of expanding its treatment plant capacity, Calistoga will continue to rely on imported potable water deliveries to help meet maximum day water demands.

Revision No. 2:

In the report received by the Commission in August, Determination No. 3 under the Government Structure Options section reads:

The City of Calistoga is currently under a compliance order by the Department of Health Services to complete specified improvements to its water system as part of its domestic water supply permit. These improvements must be completed before DHS agrees to permit additional connections. Accordingly, it is not anticipated that Calistoga will pursue a change in its organization within the timeframe of this study.

The City of Calistoga has informed staff that the compliance order does not require that the improvements specified in the compliance order (commencement of dredging program for Kimball Reservoir and refurbishment of the Dwyer Street Pump Station) be completed before DHS agrees to permit additional connections. Accordingly, this determination has been revised and moved to the Infrastructure Needs or Deficiencies section (No. 10):

The City of Calistoga is currently under a compliance order by the Department of Health Services to complete specified improvements to its water system as part of its domestic water supply permit. These improvements include commencing a maintenance dredging program at Kimball Reservoir by 2004, and working with the City of Napa to refurbish the Dwyer Street Pump Station by 2005. Future studies should evaluate Calistoga's progress with respect to implementing these needed improvements.

Napa Sanitation District

Revision No. 1:

In the report received by the Commission in August, Determination No. 3 under the Government Structure section reads:

It is anticipated that the growing demand for reclaimed water for agricultural and landscaping purposes in southern Napa County will create a demand for a change in Napa Sanitation District's organization or the execution of outside user agreements.

Recognizing that the extension of reclaimed water services through outside user agreements is permitted pursuant to Government Code Section §56133(e), this determination has been revised to read:

It is anticipated that the growing demand for reclaimed water for agricultural and landscaping purposes in southern Napa County will create a demand for outside user agreements with Napa Sanitation District. The extension of reclaimed water service outside Napa Sanitation District's jurisdictional and sphere of influence boundaries does not require the approval of LAFCO pursuant to Government Code Section §56133(e).

Revision No. 2:

In the report received by the Commission in August, Determination No. 4 under the Government Structure section reads:

Extension of Napa Sanitation District's reclamation program should be limited to parcels lying within its jurisdictional and sphere of influence boundary. Extension of reclaimed water service by contract or agreement to parcels outside these adopted boundaries must be approved by the Commission and based on specific findings pursuant to Government Code §56133.

Recognizing that the extension of reclaimed water services through outside user agreements is permitted under Government Code Section §56133(e), this determination has been removed.

RECOMMENDATION

It is recommended for the Commission to take the following action:

- 1) Approve the forms for the attached resolutions making determinations with respect to the water service operations for the City of American Canyon, City of Calistoga, Town of Yountville, and Napa Sanitation District pursuant to Government Code §56430.

Respectfully submitted,

Keene Simonds
Analyst

Attachments

- 1) Draft Resolutions
- 2) E-mail from the City of American Canyon
- 3) Letter from the City of Calistoga

RESOLUTION NO. 03-28

**RESOLUTION OF
THE LOCAL AGENCY FORMATION COMMISSION OF NAPA COUNTY
MAKING DETERMINATIONS**

**COMPREHENSIVE WATER SERVICE STUDY
SERVICE REVIEW
TOWN OF YOUNTVILLE**

WHEREAS, the Local Agency Formation Commission of Napa County (hereinafter referred to as “the Commission”) may conduct service reviews of local agencies pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Government Code Sections 56000 et seq., hereinafter referred to as “Act”); and

WHEREAS, the Commission adopted a schedule for service reviews on October 11, 2001; and

WHEREAS, pursuant to Government Code Section 56430, the Executive Officer designated a countywide service review of public water service in Napa County, which includes territory served by the Town of Yountville; and

WHEREAS, pursuant to its adopted schedule, the Commission held a public workshop on the “Comprehensive Water Service Study”, including the service review of the Town of Yountville’s water services, on June 12, 2003; and

WHEREAS, the Executive Officer prepared a written report of this service review that was presented to the Commission in the manner provided by law; and

WHEREAS, the Commission heard and fully considered all the evidence presented at its public workshop on June 12, 2003 and at meetings of the Commission on August 14, 2003, and October 9, 2003; and

WHEREAS, as part of this service review, the Commission is required pursuant to Government Code Section 56430(a) to make a statement of written determinations with regards to certain factors.

NOW, THEREFORE, THE COMMISSION DOES HEREBY RESOLVE, DETERMINE, AND ORDER as follows:

1. In accordance with the adopted Local Agency Formation Commission Environmental Impact Report Guidelines, and applicable provisions of the California Environmental Quality Act (CEQA), the Commission hereby determines that this service review is exempt from the provisions of CEQA under Section 15306 of the State CEQA Guidelines (Title 14 of the California Code of Regulations Section 15306). The service review is a data collection and research study. The information contained within the service review may be used to consider future actions that will be subject to environmental review.
2. The Commission adopts the statement of determinations set forth in "Exhibit A" which is attached and hereby incorporated by reference.

The foregoing resolution was duly and regularly adopted by the Local Agency Formation Commission of Napa County, State of California, at a regular meeting held on the 9th day of October 2003, by the following vote:

AYES: Commissioners WAGENKNECHT, SLAVENS, MARTIN, KAY, AND RIPPEY

NOES: Commissioners NONE

ABSENT: Commissioners _____

ATTEST: EXECUTIVE OFFICER

Clerk of the Commission

By: _____

EXHIBIT A
COMPREHENSIVE WATER SERVICE STUDY
SERVICE REVIEW
TOWN OF YOUNTVILLE

STATEMENT OF DETERMINATIONS

1. With respect to infrastructure needs or deficiencies [Government Code §56430(a) (1)], the Commission determines that:
 - Through its contractual agreements, the Town of Yountville imports an adequate supply of water to meet existing and future system demands under normal conditions within the timeframe of this study.
 - The Town of Yountville should continue to pursue opportunities to increase its available water supply and continue to expand its water conservation efforts. These actions will help to ensure an adequate water supply during periods of below normal and dry year conditions.
 - The Town of Yountville's water supply is dependent on contracted entitlements with the Napa County Flood Control and Water Conservation District and the State of California's Department of Veterans Affairs. These contractual entitlements are essential to Yountville's ability to deliver potable water to its customers.
 - To account for the realities of water entitlements, the Town of Yountville should continue to objectively differentiate between entitlements and actual deliveries in their water supply analysis. This is especially important to ensure an adequate supply of water during extended drought periods when deliveries are restricted.
 - In 2003, the Department of Water Resources issued the *State Water Project Delivery Reliability Report*. The report provides an assessment of SWP deliveries using historical precipitation rates along with projected land and water use demands through 2021, including delivery estimates during drought periods. This report is a valuable tool for all SWP contractors and should be incorporated into Yountville's water supply planning efforts.
 - The Town of Yountville has made reasonable efforts to secure additional water supplies to meet existing and projected water demands within its service area. This demonstrates a continued effort by Yountville to address system needs and deficiencies in a timely manner.

- The Town of Yountville's water supply agreement with the State of California's Department of Veterans Affairs for annual entitlements drawn from Rector Reservoir is due to expire on October 1, 2003. The execution of a long-term water entitlement agreement with the Department of Veterans Affairs is essential to Yountville's ability to properly plan for projected water demands.
- The Town of Yountville currently has a moratorium on new water connections and the expansion of existing water connections except for single-family and multi-family (two-unit) projects on lots of existing records. This moratorium is scheduled to remain in effect until concerns involving the long-term reliability of its contracted water supply at Rector Reservoir and capacity restrictions involving the North Bay Aqueduct are addressed. To satisfy these concerns in a timely manner, Yountville should continue to work closely with the State of California's Department of Veteran Affairs, Napa County Flood Control and Water Conservation District, and the City of Napa.
- The Town of Yountville does not own or operate its own water treatment facility. Yountville must rely on the treatment facilities of the State of California's Department of Veterans Affairs and the City of Napa to provide treatment for its contracted water supply. Yountville should continue to work closely with these agencies with respect to operational constraints to ensure the timely availability of potable water supplies.
- The Town of Yountville does not have a treated water storage facility. Yountville must rely on treated storage supplies from the City of Napa and the State of California's Department of Veterans Affairs during peak system demand periods. Yountville should invest in its own treated water storage facility to ensure the availability of treated supplies during an emergency or interruption in service. The storage facility's capacity should be sufficient to meet Yountville's maximum day demand.
- The Town of Yountville and the State of California's Department of Veterans Affairs jointly own and operate the Yountville/Veterans Home Joint Wastewater Treatment Facility. This plant provides advanced secondary treatment to wastewater for discharge and reclamation uses with Yountville's water service area. In order to offer the greatest range of reclamation uses within its service area, Yountville should explore opportunities aimed at expanding its reclamation program to include tertiary-level treatment.
- Reclamation is a beneficial and efficient use of existing water resources and provides credence to the Town of Yountville's water conservation efforts.

2. With respect to growth and population projections for the affected area [Government Code §56430(a) (2)], the Commission determines that:
 - The Town of Yountville evaluates its water service capacities using reasonable demand projections detailed in its *Water Supply Plan (1998)*.
 - The calculation formula codified in Title 22 of the California Code of Regulations, Government Code §64412.2, is an appropriate method in estimating the total population served by the Town of Yountville's water service system. The population served by Yountville's water system based on this calculation method is 2,356.
3. With respect to financing constraints and opportunities [Government Code §56430(a) (3)], the Commission determines that:
 - The Town of Yountville currently has a moratorium on new water connections and the expansion of existing water connections except for single-family and multi-family (two-unit) projects on lots of existing records. Once this moratorium is rescinded, Yountville should benefit from an increase in revenues generated from connection fees and additional usage charges.
 - The Town of Yountville's contracted water supply is subject to rate changes imposed by the supplier (exporter), resulting in potential increases in costs to the Town. Similarly, Yountville's ability to supplement its contracted water supply in dry years through water supply programs facilitated by the Department of Water Resources and/or open market purchases are also liable to increase costs. Typically, these increases in operation costs are passed on directly to the customer through rate increases. The extent of these costs and impact on the rates paid by customers, however, remain difficult to measure due to the uncertainty involving water markets.
4. With respect to cost avoidance opportunities [Government Code §56430(a) (4)], the Commission determines that:
 - The Town of Yountville is a member of Napa County Flood Control and Water Conservation District's technical advisory committee, known as "Wartac." This group provides NCFCWCD with a consensus among the five cities and County as it relates to current and future water issues affecting Napa County. This advisory group provides Yountville the opportunity to share costs with other participating agencies on projects of mutual interest and facilitates the exchange of service information.
 - The Town of Yountville is a funding participant in Napa County Flood Control and Water Conservation District's "2050 Study." This study's objective is to identify current and projected water demands within each participating agency's service area as well as document agricultural demands in unincorporated areas

served by groundwater. This study will also examine the feasibility of pursuing cooperative water supply projects aimed at meeting countywide demands through 2050. Yountville will benefit from the study and should continually explore collaborative opportunities aimed at identifying new and improved water supplies.

5. With respect to opportunities for rate restructuring [Government Code §56430(a) (5)], the Commission determines that:

- In 2002, the Town of Yountville's Town Council adopted a 5% increase to its water service rates. The rate increase was adopted to meet increased operational costs and to lessen the future demand for subsidies drawn from Yountville's General Fund, which are used to cover operating losses in its water enterprise fund. This practice enables Yountville to keep its water rates significantly lower than the rates offered by American Canyon, Calistoga, and Napa.
- The Town of Yountville should consider increasing its water rates to be more reflective of the actual costs of providing water service. Currently, general fund monies subsidize water service operations. An increase in rates would also provide Yountville with additional revenue needed to finance improvements to its water system, including the development of a treated water storage facility.

6. With respect to opportunities for shared facilities [Government Code §56430(a) (6)], the Commission determines that:

- As a subcontractor to Napa County Flood Control and Water Conservation District, the Town of Yountville is responsible for assuming its proportional costs for the delivery of water drawn from the State Water Project. Subcontractors are also responsible for paying a transportation charge that covers the cost associated with the infrastructure and facilities needed to capture and convey water to Napa County. These shared facilities include the North Bay Aqueduct and the Napa Turnout Reservoir. Costs relating to future upgrades and improvements to this conveyance system will be shared among each subcontractor as well as the Solano County Water Agency and its subcontractors.
- The Town of Yountville currently shares operating costs with the City of Napa to treat and deliver its allotment of water entitlements drawn from the State Water Project. Similarly, Yountville shares operating costs with the State of California's Department of Veterans Affairs for water entitlements drawn from Rector Reservoir and treated at Rector Water Treatment Plant. These relationships provide the mechanism for these agencies to share costs with one another with respect to future system improvements affecting each agency's water systems.

7. With respect to government structure options, including advantages and disadvantages of consolidation or reorganization of service providers [Government Code §56430(a) (7)], the Commission determines that:
 - The Town of Yountville is the only public agency providing water service within its jurisdictional boundary. There are two other public agencies empowered to provide water service whose jurisdictions overlap that of Yountville: the Napa County Flood Control and Water Conservation District and Napa County Resource Conservation District. Both of these agencies have elected not to offer water service, and have expressed no intentions of doing so in the foreseeable future.
 - There has not been a change in the Town of Yountville's organization since 1990 and its sphere of influence remains conterminous with its jurisdiction boundary.
 - The Town of Yountville has a moratorium on new and expansions of existing water connections except for single-family and multi-family (two-unit) projects on lots of existing records. Until this moratorium is rescinded, it is not anticipated that Yountville will pursue a change in its organization within the timeframe of this study.
8. With respect to evaluation of management efficiencies [Government Code §56430(a) (8)], the Commission determines that:
 - Each year, the Town of Yountville provides a summary of past and projected revenues and expenditures stemming from its water service operations as part of its annual budget. The budget is adopted following publicly noticed budget study sessions in which members of the public are allowed to comment and offer suggestions with respect to expenditures relating to water service. In addition to enhancing the accountability of elected and appointed officials, the budget process provides a clear directive towards staff with respect to prioritizing city resources.
 - In 2002, the Town of Yountville adopted a five-year capital improvement program that includes 1.3 million dollars for projects aimed at upgrading and improving its water service operations. The capital improvement program was prepared by staff and demonstrates a reasonable effort on behalf of management to address and update water quality and service objectives in a timely and efficient manner.
 - The Town of Yountville does not have a public works director. Yountville's water service operations are managed by a public works supervisor who is appointed by the town administrator; sewage and reclamation operations are managed by an appointed wastewater treatment supervisor. Although this arrangement provides for reasonable management of Yountville's water service

operations, future studies should include an evaluation of the impact this arrangement has on other public works operations.

- The Town of Yountville has sufficient capital reserves to finance the cost of approved capital improvement projects to its water system.

9. With respect to local accountability and governance [Government Code §56430(a) (9)], the Commission determines that:

- The Town of Yountville Town Council meetings are conducted twice a month and are open to the public. Public inquiries involving water service operations can be addressed to the Council at this time. Regularly scheduled town meetings provide an opportunity for Yountville's constituents to ask questions of their elected representatives, while helping to ensure that service information is being effectively communicated to the public.
- The Town of Yountville makes reasonable efforts to maintain public dialogue with its constituents regarding its water service operations. These efforts facilitate local accountability and contribute towards public involvement in local governance.
- The Town of Yountville should enhance its public outreach efforts by establishing and maintaining a website that includes information relating to its water service operations. In addition to posting dates and agendas for council meetings, the website should contain information relating to water rates, conservation efforts, and recent water quality reports.
- The Town of Yountville elects to subsidize its water enterprise operations with funds drawn from its General Fund. Although the subsidy allows Yountville to maintain low water rates, this practice does not reflect the actual costs of providing water service and is counterproductive towards conservation by not creating an incentive for high use customers.
- The Town of Yountville has expressed interest in examining the feasibility of developing a storage system within a local aquifer to store excess surface flows. These stored reserves would then be recovered through the development of a municipal well during below normal and dry years. In the course of its evaluation, Yountville should provide an objective analysis of the potential impacts municipal withdraws would have on the affected groundwater basin and its existing users.
- The Town of Yountville's administration and water service operations are maintained and managed by a responsive and professional staff. These characteristics enhance accountability and cultivate desirable working relationships with members of the public as well as other agencies.